



FY 2010-2011 Budget Presentation

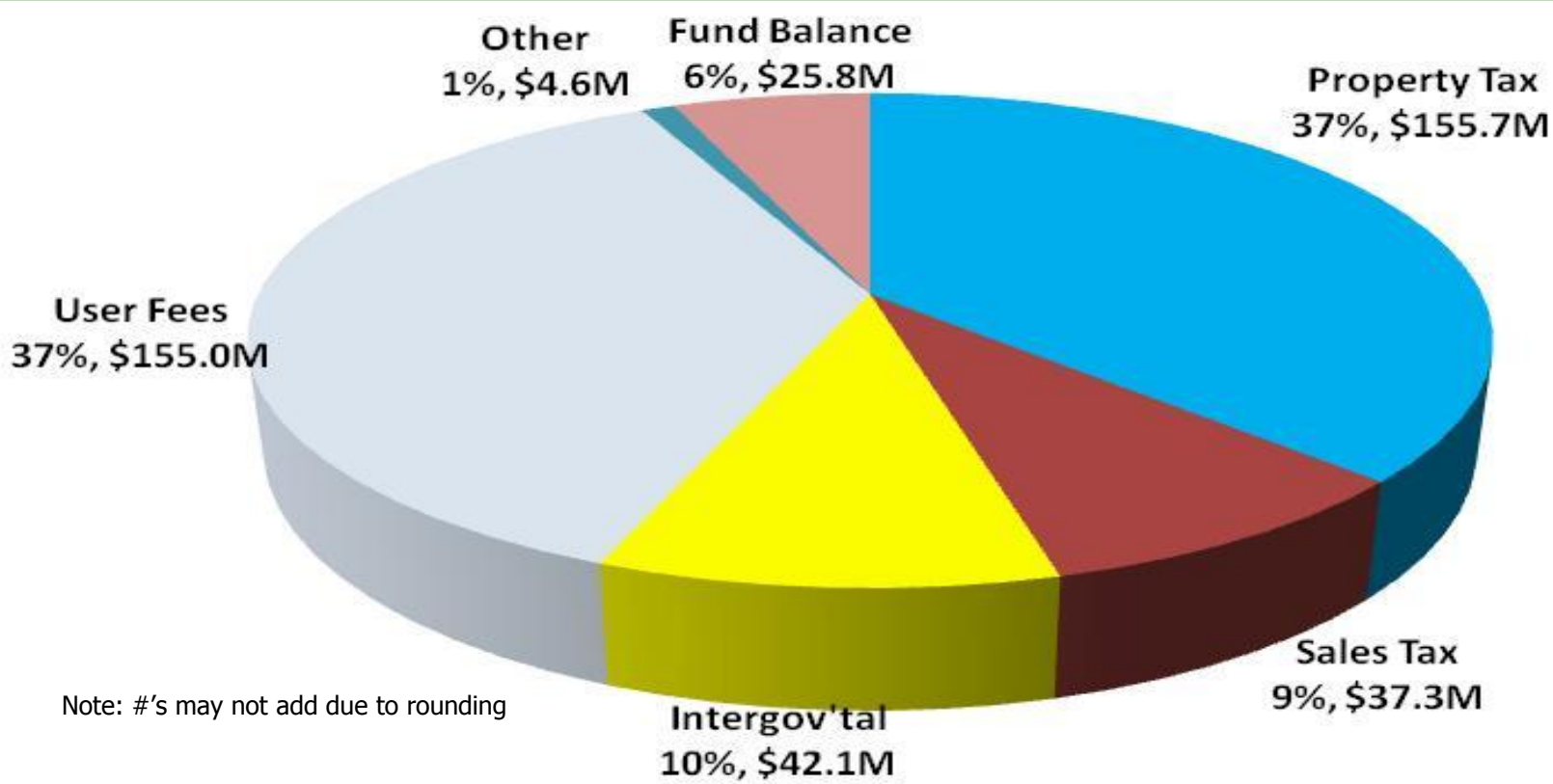
May 25, 2010

Budget Planning Process

- Guiding Strategies
 - Invest in Council Priorities and Comprehensive Plan Priorities
 - No Tax Increase
 - Maintain Fiscal Stewardship
 - Minimize the Use of One-Time Fixes
 - \$2.4million is planned to be used from various fund balances
 - Maintain Debt Policies
 - A Balanced Budget

Total City Budget: \$420,516,189

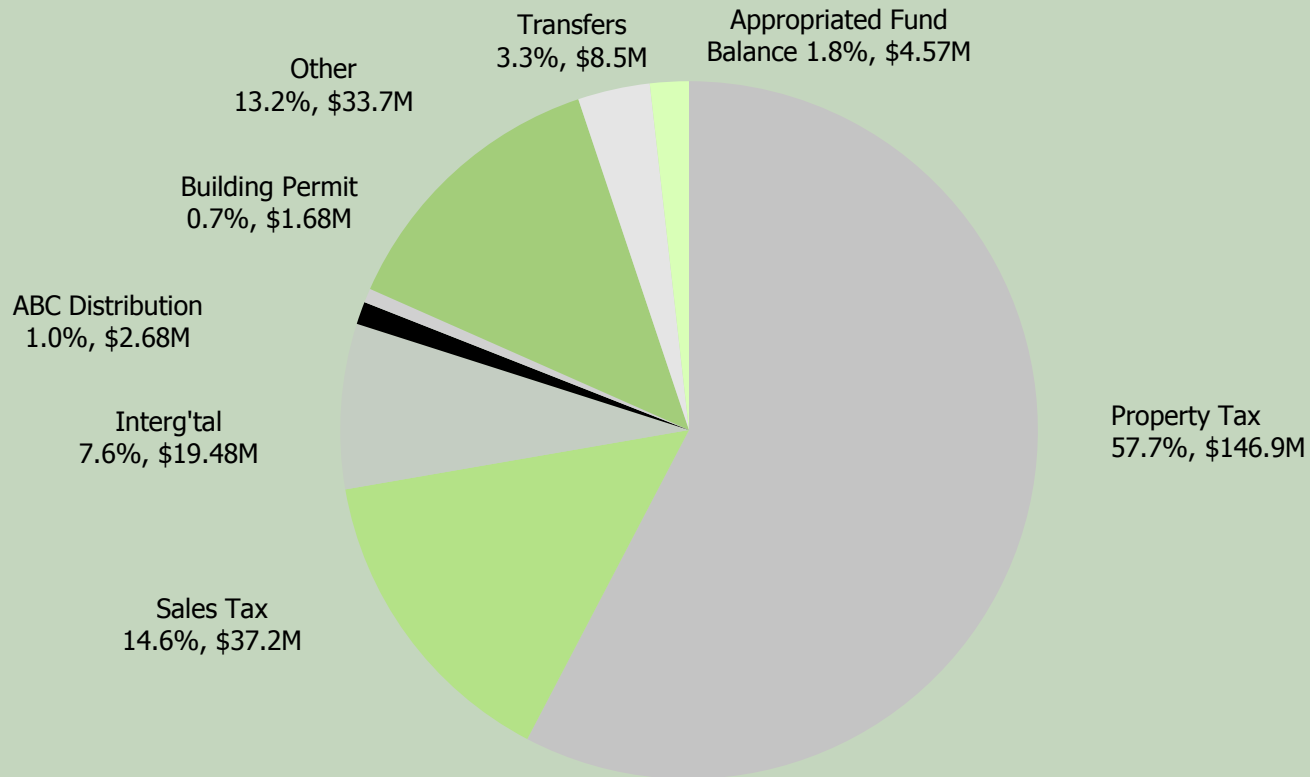
WHERE THE MONEY COMES FROM



This represents a 0.3% reduction from the FY 2009-2010 Budget of \$421,948,889

General Fund Only

\$254,700,530



Note: #'s may not add due to rounding

This represents a .4% decrease from the FY 2009-2010 Budget of \$255,627,763

Revenue Assumptions

■ Property Taxes

- Property Assessed Values are estimated to increase by 1% over the current fiscal year, from \$24.4 billion to \$24.6 billion
- A 98% collection rate for current year property tax billings is expected
- Revenue is budgeted at \$155.7M, up from \$154.99M budgeted in FY 2009-2010

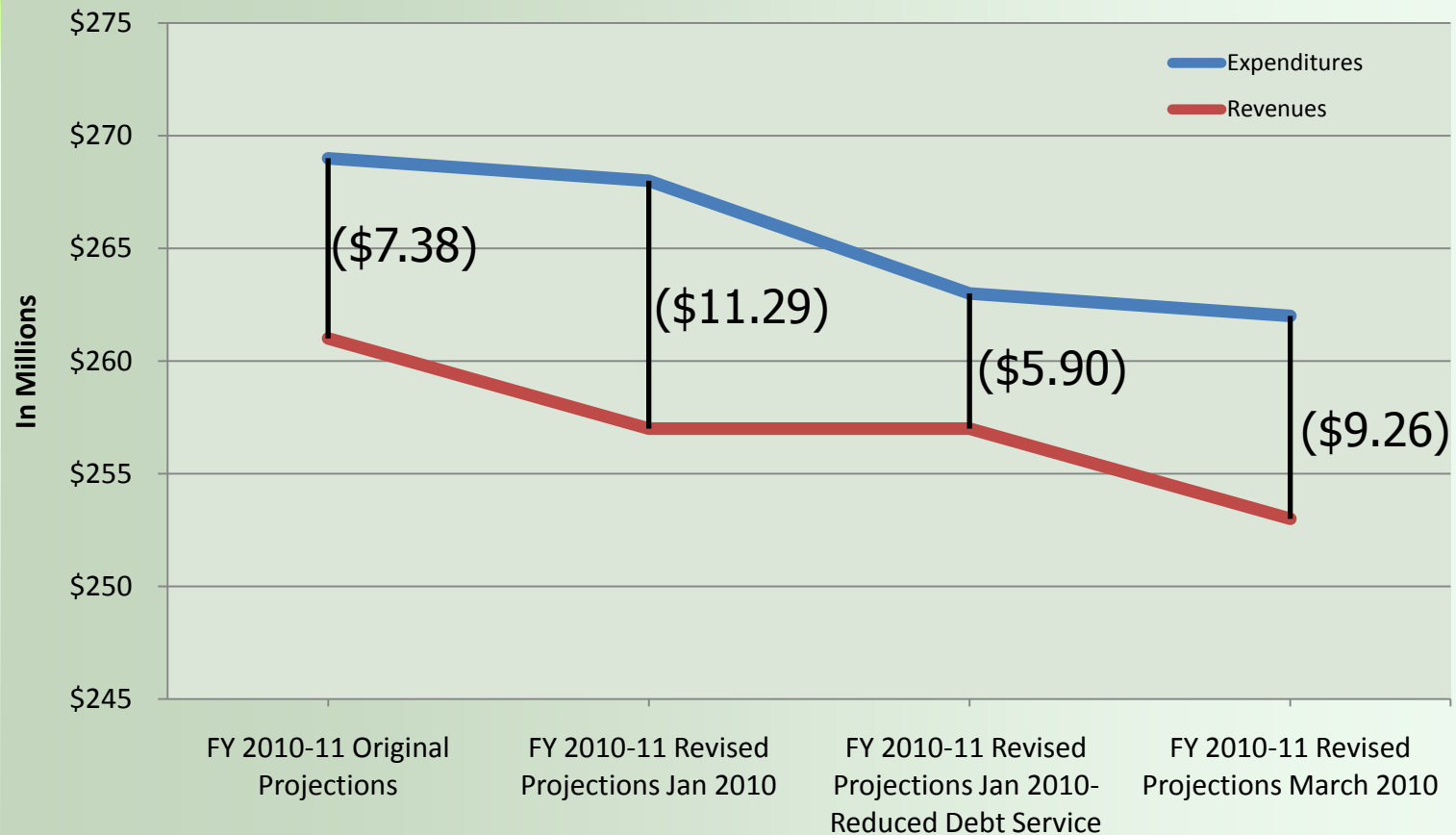
■ Sales Tax Revenue

- Sales Tax revenue continues to lag the FY 2009-2010 budget of \$38.5M
- Recent reports indicate a slow improvement in the economy following two years of declining revenue
- Revenue is budgeted at \$37.2M; year end estimates are currently projected at \$36M

Revenue Assumptions

- Intergovernmental Revenue
 - Utility Tax Revenue (Electric, Gas and Telecommunications)
 - Little to no growth in these revenues is expected, indicative of the weakened economy and lower consumer spending
 - Utility tax revenue is projected to remain flat compared to the current fiscal year at \$14.9 million
- ABC Profit Distribution is budgeted at \$2.68M, which is 8% below the current year budget but consistent with actual collections for the current year
- Building Permit/Development Fee Revenue is budgeted at 19% below the current year budget due to the economic slowdown
- Other (departmental charges, user fees, fines, licenses and other misc. revenues) is estimated at 2% below the current fiscal year

Charting the Deficit-General Fund



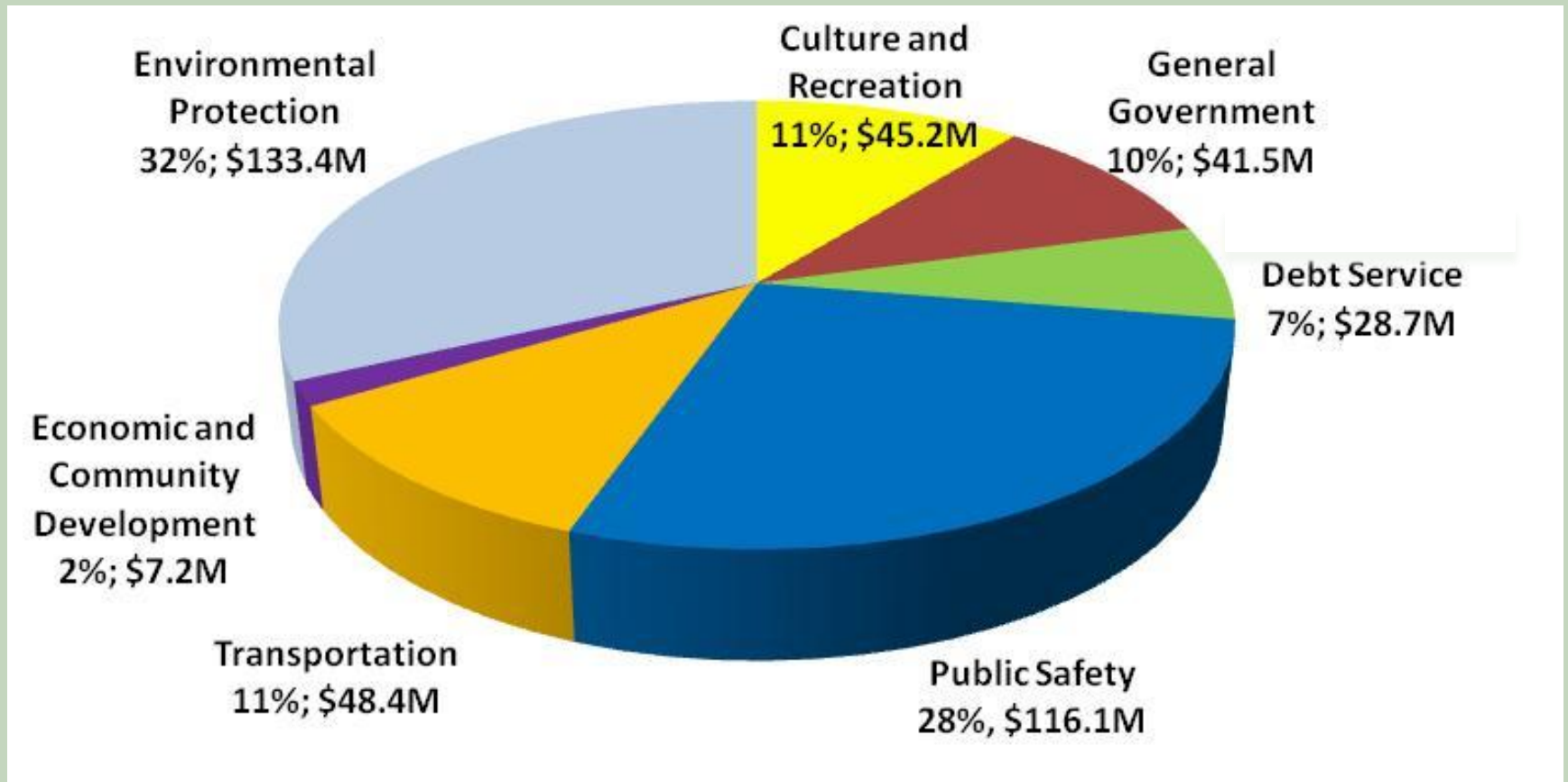
Measures to Close the General Fund Gap: Revenue

- Transfer from Parking Fund \$800,000
- Transfer from Network Services Fund Balance \$1,345,000
- Transfer from Equipment Services Fund Balance \$254,600
- Various Parks and Recreation Fee Increases \$100,500
- False Alarm Fee
 - Increase in false alarm fees
 - Revenue impact is estimated at \$400,000 in additional annual revenue
- Parking Violations
 - Increase in parking violations for metered parking
 - Revenue impact is estimated at \$149,000 in additional annual revenue
- **Total Revenue Enhancements = \$3.05M**

Measures to Close the General Fund Gap: Expenditures

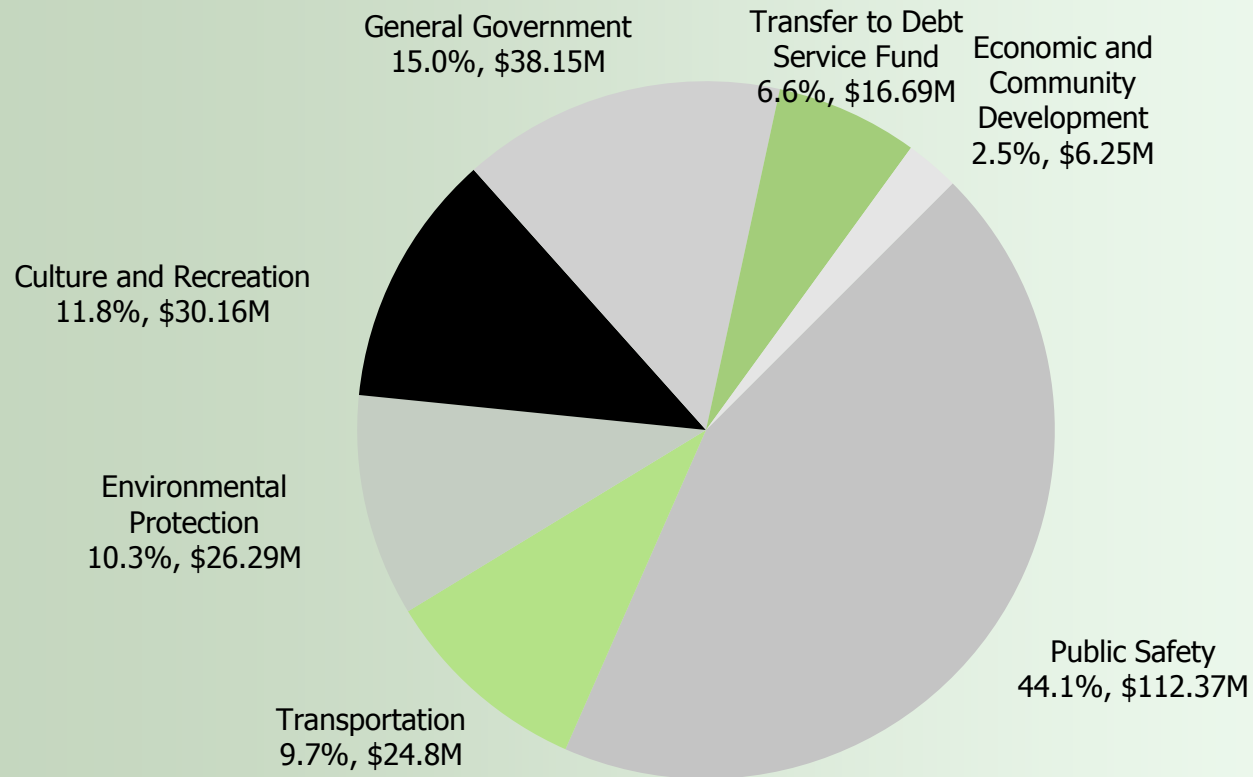
- No merit increases for employees
 - Savings = \$2.438M
- Elimination of 69.8 FTE employees (representing 41 filled positions and 67 vacant positions) + \$565.9K in other salary savings
 - Savings = \$3.375M
- Aggregate maintenance and operations reduction
 - Savings = \$2.541M
- Reduced Use of Fund Balance
 - Credit Back to General Fund = (\$1.427M)
- **Total Expenditure Savings = \$6.93M**

Where the Money Goes—All Funds



Note: #'s may not add due to rounding

Where the Money Goes— General Fund



Note: #'s may not add due to rounding

Service Changes: Field Operations

- Field Operations (**Total Departmental Savings: \$1.6M**)
 - Solid Waste routes to be re-balanced, which will cause a service day change for some residents
 - Bulk pick-up change to every other week (from weekly)
 - Combine yard waste and bagged leaf collection (in lieu of loose leaf collection) and remove weekly

Service Changes: Parks and Recreation

- Parks & Recreation (**Total Departmental Savings: \$625,897**)
 - Original Proposal: Close Lake Higgins
 - Current Proposal: Reduce Activity at Lake Higgins and modify operating hours at all three lakes (Brandt, Townsend and Higgins)
 - Lake Higgins open on Friday and Saturday only (most heavily used days)
 - Eliminate kayak and canoe rentals at Lake Higgins and relocate those activities to Lake Brandt and Lake Townsend
 - Modify operating hours at all lakes from 7 a.m. to 8:30 p.m. (with one late night to 11 p.m. per week) to 9 a.m. to 7 p.m.

Service Changes: Parks and Recreation

- Parks & Recreation
 - Original Proposal: Eliminate the free Summer Playground Program at City Parks
 - Current Proposal: Modify the free Summer Playground Program
 - Reduce the park locations from 14 parks to 12 parks
 - Split the cost of the two staff people per site with JobLink (12 funded by JobLink)
 - Eliminate 18 seasonal temporary positions; nine of those positions staffed weekend tournaments at Carolyn Allen Park and provided field maintenance service in all parks
 - Summer 2011 summer playground program will be phased into the Summer Day Camp program and staff will work this summer to assess that transition

Service Changes: Parks and Recreation

- Parks & Recreation
 - Eliminate General Fund support of three cultural festivals: Chinese New Year, Guilford Native American Cultural Festival, and African American Heritage Extravaganza
 - Eliminate admission fees to Barber Park Spray Ground and eliminate need for additional staff

Service Changes: Library System

- Library System **(Total Departmental Savings: \$127,336)**
 - Reduce park hours at David Caldwell Park to one day per week (from five days)
 - Eliminate two positions at the Greensboro Historical Museum- which will reduce its ability to provide school tours and traveling trunk shows throughout the community as well as market Museum events
 - Various M&O Reductions (Acquisitions, Cataloging, Support)- which will decrease the Library's ability to refresh collections and recover materials or replacements

Service Changes: Fire

- Fire (**Total Departmental Savings: \$202,395**)
 - Reduce Fire District #13 service contract and supplant with in-house staff
 - Will require adding a ladder company (13 FTE) to Fire Station #14 (Summit Avenue) to allow for the reduction
 - First response service to Reedy Fork area is not affected; however, second response (from ladder company) will be slower, although still within acceptable limits
 - One month delay in recruit class for Vandalia Fire Station due to weather-related construction delay of the facility

Service Changes: Police

- Police **(Total Departmental Savings: \$987,805)**
 - Eliminate Funding for School Crossing Guards
 - Eliminate 11.68 FTE positions (total of 34 positions: 28 currently filled)
 - Eliminate Automated Fingerprint ID System (AFIS) contract with Guilford County
 - GPD will continue to submit fingerprints to AFIS to match with State's database but the turnaround time may be longer

Service Changes: Police

- Police

- Reduce services for Mental Health transports for Guilford Mental Health
 - GPD will continue to transport to Guilford Mental Health and remain on-site for violent/combatative persons; however the third-party site security for non-violent transports will be eliminated
- Other various M&O reductions

Service Changes: Outside Agencies

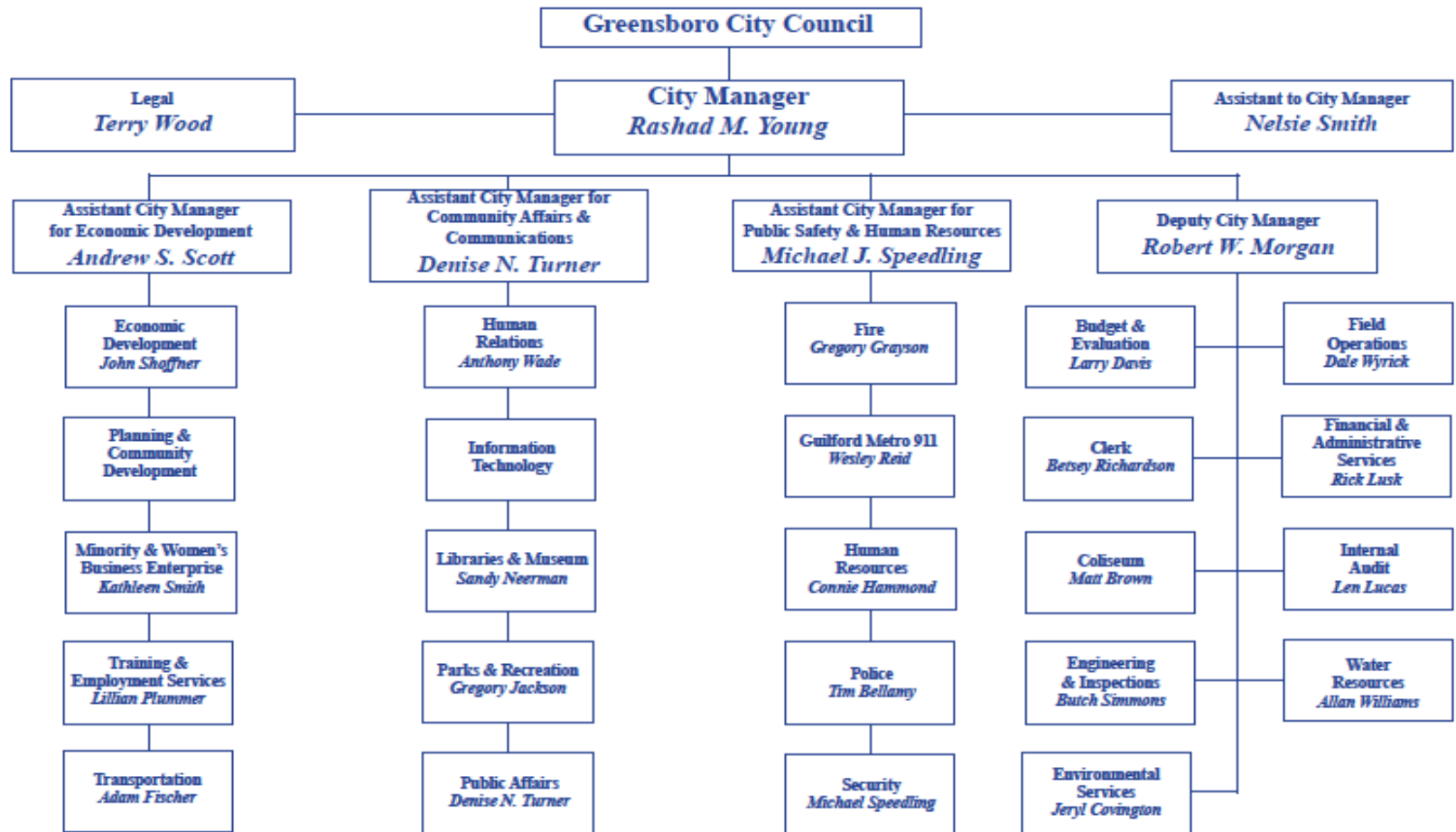
- Reduce the General Fund contribution to outside agencies
 - 10% reduction to General Fund supported outside organizations/agencies
 - Total Savings: \$167,170

Performance Enhancements

- Department Reorganization to Create Efficiencies and Enhance Customer Service
 - Consolidate Housing & Community Development with Planning
 - Consolidate Information Technology with Enterprise Solutions
 - Public Affairs Department to report directly to the Assistant City Manager for Community Affairs and Communications
 - Create Small Business Assistance Office

Organizational Chart

City of Greensboro Organizational Chart



Performance Enhancements

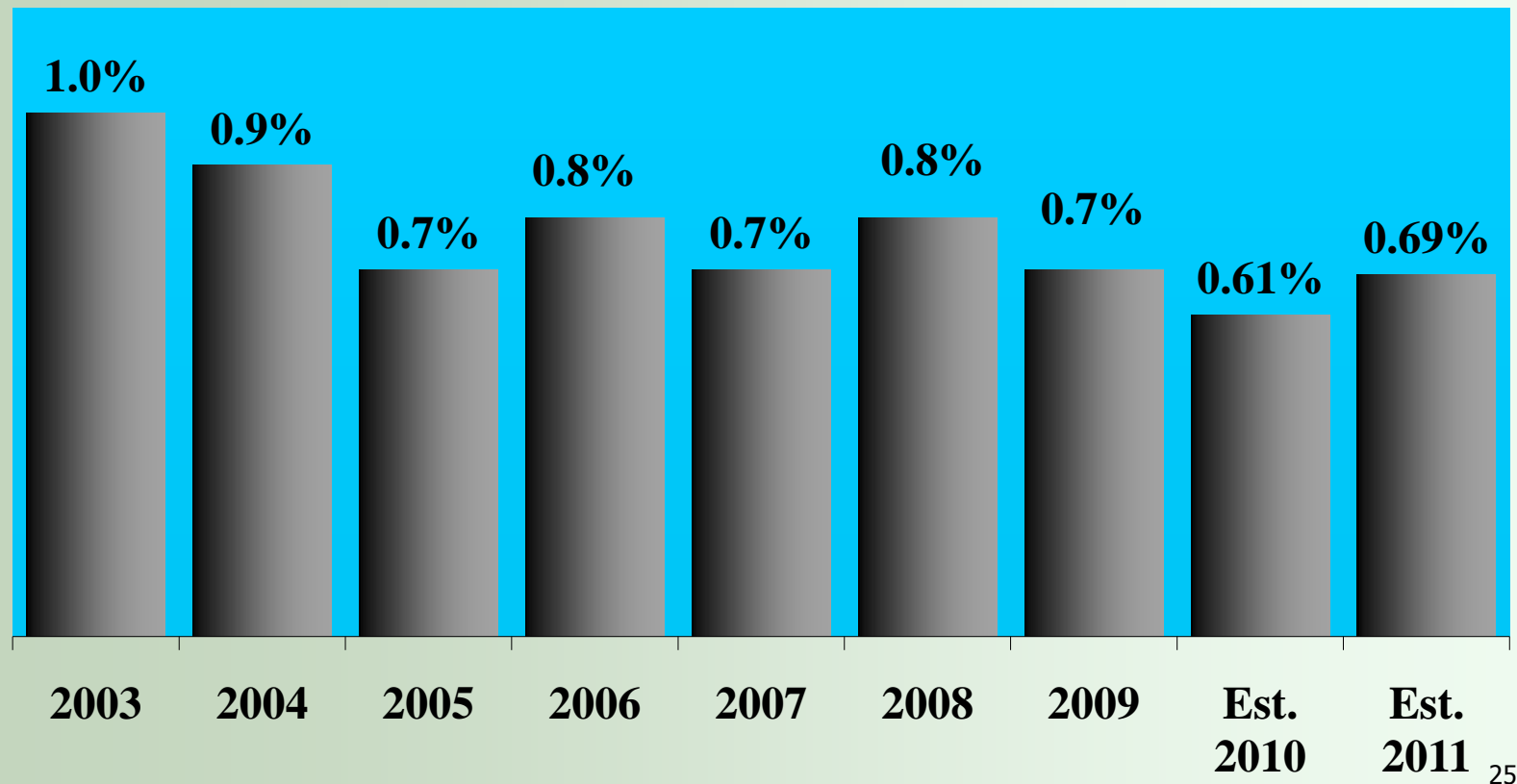
- Investments in Future
 - Disparity Study
 - Time and Attendance System
 - Compensation Study/Succession Planning
 - Changes to Police Internal Affairs Division
 - Capital Projects through the Issuance of Bonds
 - Water/Sewer Infrastructure

Bond Projects

- Recommendation:
 - Move forward with \$40 million in bond projects to be issued in October 2010 for FY 2010-2011
 - Issue \$35 million during FY 2011-2012
- General Fund Impact
 - No impact on the property tax rate for debt service
 - The operational impact for the FY 2010-2011 budget is estimated at \$362,000 for Gateway Gardens
- Minimal impact on key debt ratios

Net General Obligation Debt as % of Appraised Value

- Statutory Maximum - 8% of Appraised Value
- City Debt Policy - 2% of Appraised Value



Debt Service as a % of General and Debt Service Fund Expenditures

(in millions)

Fiscal Year Ended June 30, 2009



Greensboro Target Not to Exceed: 10.0%

Median Moody's (AAA In All States): 9.2%

FY 2010-2011 Bond Projects	FY 2011-2012 Bond Projects
All 2000 Bond Projects = \$23.9M	2006 Bond Projects = \$11.55M
\$15.5M Street Improvements (includes Greenway)	\$3.285M Old Randleman Road Fire Station
\$1.3M East Market St. Neighborhood	\$750,000 Land Acquisition Reedy Fork Fire Station
\$500,000 Public Transportation	\$2.015M Hilltop Road Recreation Center
\$6.6M Keeley Park and Hilltop Rd. Recreation Center	\$2.0M Economic Development Bonds
2006 Bond Projects = \$4.645M	\$3.5M Lake Jeanette Library
\$300,000 Lake Jeanette Library Design	2008 Bond Projects = \$15.19M
\$345,000 Mt. Hope Church Rd. Fire Station #57	\$8.25M Street Improvements
\$4.0M Economic Development	\$100,000 Neighborhood Park Renovations
2008 Bond Projects = \$9.72M	\$500,000 Gateway Gardens Phase II
\$215,000 Pool Repairs/Upgrades	\$6.0M Aquatics Center
\$500,000 Gateway Gardens Phase II	\$335K Housing Loans for Energy Efficiency/Affordable Housing
\$265,000 Barber Park Phase II Design	2009 Bond Project = \$8.26M
\$6.0M Aquatics Center	\$8.26M Natural Science Center
\$2.74M Street Improvements	
2009 Bond Project = \$1.735M	
\$1.735M Natural Science Center	

Water/Sewer Rate Increase

An 8.75% rate increase is proposed to:

- Invest in Infrastructure

- Most of system's expense is capital related (fixed) and the capital is needed to respond to expansion, deterioration and regulatory mandates
- Continuation of Water and Sewer Line Rehabilitation, which is funded on a PAYGO basis
- Rising Cost of Commodities (both unit price and consumption increases to accommodate regulatory mandates)

- Maintain fiscal health

- Maintain Credit Ratings (ensures lower interest costs)
- Maintain adequate debt coverage ratios
- Incorporates the elimination of seven positions (only one position is vacant)

Water Resources Performance Measurements and Benchmarks

- The following metrics were included in the UNC School of Government's Final Report on City Services for FY 2009:
 - Water Services Cost Per Capita for 2009
 - Greensboro: \$112.29
 - Average: \$121.90
 - Total Cost Per Thousand Gallons of Billed Water
 - Greensboro: \$2.74
 - Average \$3.19
 - Million Gallons of Billed Water per Water Services FTEs
 - Greensboro: 63.2
 - Average: 52.9
 - Customer Complaints About Water Quality Per 1,000 Meters
 - Greensboro: 0.97
 - Average 3.97

Financial Policies for Water Resources Fund

- Maintain Senior Lien Debt Service Coverage at 2.0 times revenue bond debt service (coverage=total net revenues/total senior lien debt service)
 - Estimated at 2.14 times at FYE 2010; Moody's Aa2 median 2.13 (2008)
 - Springing Reserve Requirement if coverage drops to 1.5x (an \$8.76M cash reserve required which could occur in FY 2010-2011 without a rate increase)
- Unrestricted Cash Reserves equal to 35% to 50% of Operations & Maintenance Expense – Est. at 47.62% FYE 2010; Moody's Aa2 median 65.5%
- Variable Rate Bonds equal to 20% to 25% of total outstanding parity debt - Estimated at 25.5% for FYE 2010
- Pay-As-You-Go (PAYGO) Funding of Capital Expenses from Rates & Charges equal to 25% to 30% of total PAYGO capital funding
 - Estimated at 25% for FYE 2010

Unresolved Issue

- The recommended budget includes a \$1.77M contribution from the County, not the \$1.1M the County has proposed; therefore, a \$636K gap remains, the following represent current options:
 - Receive the Full \$1.77M contribution from the County
 - Create a Municipal Library System and Charge County Residents a fee of \$175 per year to obtain a Library card (this action would eliminate the \$1.1 million of funding that the County has proposed)
 - Keep the County's \$1.1 million recommended funding level but reduce service levels
 - Eliminate a Branch Library

Tax Rate Reduction Scenarios

■ Half-Cent Rate Reduction

Reduction in Gen. Fund Contribution to DGI Project Fund	-\$155,000
Elimination of Funding for Neighborhood Small Projects Program	-\$100,000
Reduction in Gen. Fund Transfer to Solid Waste Managem't Fund	-\$282,500
Reduction in Gen. Fund Transfer to Worker's Compensation Fund	-\$326,847
Decrease in Funds for Roster Wages	\$20,000
Decrease transit tax from 3.5 cents to 3.375 cents	\$301,690
Total Impact	\$1,186,037

Next Steps

(tentative schedule)

- June 1, 2010—Public Hearing to receive public comment on the proposed 2010-2011 Annual Budget
- Proposed Work Sessions
- June 15, 2010—Adopt the budget